

Overview

More and more military members and retirees are seeking information on long-term care and long-term care insurance as part of their own estate plan, or as they think about caring for their aging parents. These inquiries fall into the area of elder law.

Health care problems can greatly change your life. A loss of mobility or the ability to do simple activities of daily life (e.g., dressing, bathing, eating) means a loss of control and independence. In the last few years, more people have seen how easily long-term care costs can use up a life's savings. Because you cannot predict the future, it is a good idea to think about long-term care as part of your estate plan.

This section briefly introduces long-term care and possible ways to pay for it should you need it.

What is long-term care?

Long-term care is a type of health care service to help you if you have a disabling or chronic illness and cannot care for yourself. It differs from traditional hospital medical care in that it may not improve or correct a medical problem, but it will help you adjust to your condition.

What are the types of long-term care?

There are several types of long-term care arrangements. The main differences are in the type of medical services needed, the type of supervision needed for the person, and the location of where the services are provided.

- *Home health care*: This usually includes medical services by professionals, such as nurses, therapists, home care aides, and social workers. Home health care is available from non-profit and private for-profit home health care agencies and public health departments. Trained personnel help with activities of daily living, such as bathing, dressing, or eating. They may also help prepare meals, run errands, and do light housekeeping.
- *Respite care*: This provides a break for family members who are the primary caregivers for the disabled person at home. Respite care can vary from a few hours a day to several days or weeks. A respite caregiver usually comes to the home and may be a volunteer.
- *Adult day care*: This is usually at a center that provides both health care and social services for people who cannot be left alone during the day. Often hospitals, local governments, or non-profit agencies operate centers that offer some basic health services and social and recreational opportunities.
- *Hospice care*: This helps the terminally ill and their families cope with physical, emotional, and spiritual aspects of dying. Care may be provided in a hospice facility or in the person's home.
- *Assisted living care*: This is a combination of housing, personalized support services, and health care designed to meet the individual needs of people who require some help with daily activities but not the skilled care of a nursing home. This care is ideal for someone who is too frail to live alone but does not need to be in a nursing home. Assisted living facilities may be independent facilities, combined with skilled nursing facilities, or part of a continuing care retirement community. Most costs are paid by the resident and family members. There are some long-term care insurance policies which offer assisted living coverage. In some states Medicaid pays for some of these services.
- *Nursing home care*: This is for people with chronic or disabling illnesses who cannot care for themselves but who do not need hospital care. Nursing homes offer up to three levels of care—skilled nursing care, personal care, and professional care.
- *Continuing Care Retirement Communities (CCRCs)*: CCRCs combine independent housing units or apartments with living facilities and nursing home care, usually all at the same location. Costs vary. Many CCRCs charge substantial up-front entry fees that may

be partially or fully refundable. Then there are monthly charges depending on the type of service required.

How do I pay for long-term care?

Costs for long-term care vary depending on the amount of care provided, type of care provided, and location where the care is provided. You may use one or more of these ways to pay for long-term care.

- Personal funds: your own personal resources, such as personal current income, savings, or investments.
- Contributions from family members: If you do not plan ahead for long-term care or do not have sufficient personal resources, you may have to rely on your family members to pay for or to deliver care. This can be burdensome on your family if family members do not have the financial resources to pay for care or the necessary skills or time to provide the proper care.
- [Medicare](#): Medicare covers very little of the long-term costs that most people need. Medicare will pay for up to 100 days of care in a skilled nursing facility after you have been hospitalized for at least three days. Medicare covers the first twenty days entirely. The patient pays a daily coinsurance after the twentieth day until day 100. After day 100, Medicare covers none of the costs. Medicare does not pay for custodial care.
- [Medicaid](#): Medicaid is a joint federal and state program that pays for health care for people with limited income and resources. It does pay for custodial nursing home care. Each state sets its own standards for Medicaid eligibility, determines the type of services provided, and administers the program under federal guidelines. These rules are complex and vary from state to state.
- Veterans Administration (VA) [health](#) benefits: Many larger VA hospitals offer extensive long-term care services. You should contact the nearest VA hospital to determine your eligibility for the services the hospital offers.
- Long-term care insurance: This is private insurance for which you pay designed to cover long-term costs. Depending on the policy, long-term care insurance may cover nursing home stays, home health care, adult day care, assisted-living facility care, and respite care.

Do I need long-term care insurance?

Maybe, depending on your health, age, and financial situation, among other factors. It is a personal decision similar to whether you need life insurance. If you need long-term care and have other funding sources then you may not need long-term care insurance.

What should I look for in a long-term care insurance policy?

There are several issues to consider when evaluating a long-term care insurance policy:

- *Services covered*: Many policies cover only long-term nursing home care. You should make sure your policy also covers other types of care desired (e.g., home care, adult day care).
- *Amount of benefit*: What will the policy pay for each type of care? The policy may allow a fixed dollar amount for each type of service, regardless of the actual cost of the service. Paying a higher premium may buy a policy that will pay more for the service. Find out if the policy pays a different amount depending on the type of care provided. For example, is the payment for a day of nursing home care different from the payment for a day of home care? You may have more flexibility in planning later on if the policy makes the same payment for the different services. Find out about the policy's deductibles, co-payments, and waiting periods. Generally the higher the deductible, the lower the

premium. Also, most policies have a waiting period of 30 to 90 days during which time you have to pay for services from your own funds. Find out how long the policy pays benefits. Many long-term care policies only pay benefits for a fixed period of time rather than indefinitely. After the time period runs, you will have to rely on your own funds or other sources to pay for the services.

- *Payment of benefits:* Find out the requirements to start coverage under the policy. Some insurance companies accept a covered person's doctor's statements while others require certification from the company's medical staff. Find out if there are restrictions on illnesses covered or transfers to a nursing home not following a hospital stay. What triggers benefit payments?
- *Forfeiture provisions:* Find out if the policy has any forfeiture provisions. Such a provision may permit you to recover some of the accrued value of the policy if you can no longer afford to pay the premiums. This could mean you might be able to keep the policy with reduced benefits, convert it into term life insurance, or borrow against or receive the cash value of the policy if it has any cash value.
- *Inflation protection:* Usually the cost of long-term care rises over time. Most policies offer inflation protection for those increases for an additional charge. Find out how much an inflation protection rider costs and if it is automatically renewed yearly.

How can I compare long-term care insurance policies?

Read the fine print.

Is there a federal employee long-term care insurance program?

Yes, military members may be eligible for the [Federal Long-Term Care Insurance Program](#) that the Office of Personnel Management administers. This program is intended to help provide insurance coverage for nursing home care, assisted-living care, adult day care, home health care, and other long-term care.